

## DRAFT CDBG SUBSTANTIAL AMENDMENT

The Action Plan to the State of Maryland's Consolidated Plan stipulates how the State will administer the Community Development Block Grant (CDBG) Program was approved by HUD on July 1, 2012. This document included the State's planned method of distribution of CDBG funds during State Fiscal Year 2013.

On March 28, 2012, the CDBG Program held the application workshop for the Community Development competitive funding round. Applications were due on May 17, 2012 and recommendations were announced in July at the start of State Fiscal Year 2013. The available funding was Federal Fiscal Year 2012 for the State's federal program year beginning July 1<sup>st</sup>. The State did not award all the funding available for the Community Development competitive round.

As all funding was not awarded, the State will amend its method of distribution and make the funding available on a first come-first serve basis to projects that meet a minimum scoring level beginning October 1, 2012. These funds are targeted to applicants that are seeking funds for projects that are ready to proceed. The available amount of funding is \$2,549,890 which is subject to change with the inclusion of any additional recaptures of grant funds or receipt of program income.

*All policies and procedures found in the SFY 13 CDBG Policies and Procedures Manual are in effect with the exceptions as noted below. All applicants are to review this manual to ensure that they are in compliance with all submission requirements.*

### **Application Amount**

A jurisdiction's submission and award amount in SFY 13 funds may not exceed \$800,000. Therefore, if a jurisdiction was awarded any funding during the competitive funding round, they may only apply for an amount which will not exceed the \$800,000 limit. For example, if they were awarded \$250,000, their submission under *First Come-First Serve* could not exceed \$550,000.

### **Public Hearing**

A jurisdiction must conduct a public hearing prior to the submission of a CDBG application. It must be held in conjunction with a regularly scheduled meeting of the elected public officials.

If a jurisdiction is re-submitting an application for funding which was submitted and not funded during the SFY 13 Community Development competitive funding round, no official public hearing is required, however, it must be on the agenda for discussion at a regularly scheduled meeting of the elected public officials. A vote is required as to whether the application will be re-submitted for funding. A copy of the hearing minutes must be submitted with the application. Note that this is for re-submission of applications with no substantial changes.

### **Local Resolution**

The legislative body of the jurisdiction must pass a resolution authorizing submission of the application, the specific project(s) and the specific amount of funds being requested. The

resolution must authorize the application in an amount equal to or greater than the amount requested in the application.

If a jurisdiction is re-submitting an application for funding which was submitted and not funded during the SFY 13 Community Development competitive funding round, a new resolution is not required unless the amount requested is greater or if there are substantial changes made to the application.

### Performance Thresholds

Jurisdictions must meet performance thresholds for existing grants awarded prior to July 1, 2012. Applicants will be evaluated on their management of existing CDBG grants and must be in compliance with financial, reporting and monitoring requirements as established each year.

The required expenditure amount is based on the grant start date.

<u>Grant Agreement Start Date</u>	<u>Minimum % Required to be Expended</u>
July 1, 2009 to June 30, 2010	100%
July 1, 2010 to June 22, 2011	75%
June 23, 2011 to Present	50%

### Project Evaluation

For the *First Come-First Serve* submissions, applications that meet threshold requirements related to eligibility and compliance with performance thresholds will be evaluated with rating criteria that has been adjusted to ensure that projects are ready to proceed. Rating will be based on a 150 score, however, the minimum point standard will be adjusted from 105 to 120. No applications with scores less than 120 points will be recommended for funding.

Point ranges have been established for each criterion to gauge the extent to which the applicant meets the criterion. The following factors will be considered in determining the points assigned:

<b>RANKING FACTOR</b>	<b>MAXIMUM POINTS</b>
<b>PUBLIC PURPOSE</b> <ul style="list-style-type: none"><li>- Consistency (10)</li><li>- Severity of Need (30)</li><li>- Community Support (5)</li></ul>	<b>45 Points</b>
<b>PROJECT IMPACT</b> <ul style="list-style-type: none"><li>- Impact on Need (10)</li><li>- Benefit to LMI Households (15)</li></ul>	<b>25 Points</b>
<b>PROJECT MANAGEMENT</b> <ul style="list-style-type: none"><li>- Readiness To Proceed (35)</li><li>- Accuracy of Costs (10)</li><li>- Capacity (10)</li></ul>	<b>55 Points</b>
<b>FUNDING COMMITMENT / LEVERAGING</b> <ul style="list-style-type: none"><li>- Commitment (15)</li><li>- Leveraging (10)</li></ul>	<b>25 Points</b>

## **Public Purpose/Local Need (45 maximum points)**

Consistency with Local Needs/Plans/Strategies (10 maximum points). Points are awarded based on the degree to which the project is specifically identified and is consistent with a locally developed revitalization strategy, capital improvements plan or comprehensive plan (up to 5 points). Up to five (5) points may be awarded for proposed projects and activities that re-use existing buildings and infrastructure.

Severity of Need (30 maximum points). Based on the information in the application, the degree of distress and examples provided will determine the number of points awarded. Distress factors considered include the quality and quantity of existing facilities, including the need for rehabilitation or replacement, condition description, age, adequacy or absence of facilities, services, housing etc. Up to twenty (20) points are awarded based on the documented need for new or additional services, new or improved facilities, new or improved infrastructure, or new or improved housing. Up to ten (10) points are awarded where existing physical health and safety conditions are documented. *Please note that documentation in support of the need is the key to receipt of maximum points.*

Community Support and Involvement (5 maximum points). Maximum points may be awarded based on evidence of current community support and involvement in the project development and implementation. Letters of general support and participation may include local interest of neighborhood groups, local public or non-profit agencies and individuals that might directly benefit from the project.

## **Project Impact (25 maximum points)**

Impact on Need (10 maximum points). Points may be awarded based on the extent to which the project will address the needs and alleviate the existing problems described by the applicant.

Benefit to Low and Moderate Income (LMI) Households (15 maximum points). Maximum points may be awarded to projects where there is a direct benefit to LMI households. Moderate points will be awarded to projects where there is an area wide benefit to LMI households. No points will be given for slum/blight projects where there is no benefit to LMI persons, or where benefit cannot be determined. If there is more than one national objective, maximum points will be given for the activity that benefits more people.

## **Project Management (55 maximum points)**

Readiness to Proceed (35 points). An applicant may receive thirty-five (35) points if they meet the following criteria:

1. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 90 days (does not include easement acquisition), can bid project within 90 days, and are able to start construction within 120 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 30% of properties to be rehabilitated, and can bid work in 60 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 30 days.

No points are awarded if the project is not ready to proceed based on the above criteria or if other funds are not committed.

**Accuracy of Costs (10 maximum points).** Maximum points may be awarded to projects which best document that project costs have been carefully estimated. Estimates should reflect the applicability and impact of Davis-Bacon wage rates, acquisition, relocation or replacement housing requirements. Estimates should be current within six months. Preliminary professional studies, appraisals, tax assessments, wage rate determinations are some examples of acceptable documentation. No points will be awarded if documentation of costs is not submitted.

**Administrative Capacity (10 maximum points).** Points may be awarded for projects based on the general stability and track record of the local government and the subrecipient or developer, where applicable, with CDBG grants (5 points maximum) as well as the adequacy of staff to implement the project based on information in Part G of the application (5 points maximum).

### **Funding Commitment and Leveraging (25 points maximum)**

**Commitment (15 points).** Applications which have all other project funds fully committed will receive 15 points. Copies of all other funding commitments must be included with the application.

**Leveraging (10 maximum points).** Applications which leverage at least 10% of the total project costs in cash will receive 10 points. In-kind amounts and donations are not considered cash.

### **Funding Recommendations**

After each application is rated, recommendations (both for approval and rejection) are reviewed by the Assistant Secretary for Neighborhood Revitalization and forwarded to the Secretary of DHCD for final approval. In addition to the rating criteria, the Assistant Secretary for Neighborhood Revitalization or the Secretary of DHCD may consider other factors in making funding determinations, including:

- The State's CD objectives and priorities
- The availability of alternate or contributing funding sources for the total project or some of its components
- A reasonable distribution of projects among regions of the State
- The ability to respond to a locality's special needs, and
- The degree of community commitment for the project.

To ensure that applications are eligible and meet the ready to proceed criteria, jurisdictions are advised to contact their CDBG Project Manager if they have existing grants or the CDBG Director or Assistant Director.

To receive a copy of the SFY 13 CDBG Policies and Procedures Manual and an application, applicants can call 410/514-7236 or go to the DHCD website at [www.mdhousing.org](http://www.mdhousing.org)